



OCI 4968-57

14 AUG 1957

The President
The White House
Washington 25, D. C.

Dear Mr. President:

In the absence of Mr. Dulles, I am replying to your question on the potential oil reserves of Sumatra contained in your letter of 13 August 1957.

Reserves in proven fields in Sumatra are estimated currently at about 1.2 billion barrels. The geological features of the island, however, are such that prospects for eventual major additional discoveries are considered good.

One competent oil executive thinks it is safe to estimate that reserves of over 20 billion barrels could be established. The restrictions imposed by Indonesian authorities on foreign exploration and development in the post-World War II period have tended to prevent a definitive assessment of Sumatra's total oil potential.

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An early agreement between the foreign oil companies and the Indonesian government on further exploration and development rights appears unlikely at this time. They are disputing questions of taxes, division of profits, government controls, and duration of leases.

Respectfully yours,

SIGNED

C. P. Cabell
Lieutenant General, USAF
Acting Director

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2 - ADCI

1 - DCI - *my basis*

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